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Editorial Notes.

Wanted a Change of Policy.

All Commissions and Committees of enquiries that have examined the Co-operative movement and suggested improvements in the working of the same have unanimously recommended that the head of the department should not be often changed, that he must be continued for at least a period of 10 years and promotions which he would have got if he had been in other lines should be given to him. Owing to exigencies of service very few provinces have been able to retain their registrars for a decade and hence a continuity of policy has not been the strong point in the working of the co-operative department.

We too have been echoing the sentiments of these great authorities regarding the desirability of keeping one registrar undisturbed, but like practical men we have to make the best of the situation when changes are affected. Sometimes we see that the changes in the personnel of the Registrar are productive of some

good. There is a chance of our problems being viewed from a new angle of vision and a freshness of outlook being brought to bear upon the movement as a whole and new lines of development being started or encouraged. Co-operators of this province will recall how one of our former registrars was a champion of Federations and how these district institutions were encouraged to be formed and how in course of time they came to occupy a position of rivalry and unhealthy antagonism to the District Banks. If the same Registrar had continued it is quite possible that the situation would have become worse; but just at that time there was a change and his successor saw the weakness of these organisations and scrapped them whenever he got an opportunity. We instance this not because we advocate a pro-federation or anti-federation policy but merely to show that when heads of departments change new policies are enunciated and enforced.

We now have a new Registrar who has joined the movement recently and who brings his rich and varied executive experience in many fields to bear upon the problems that confront us now. He has had the unique privilege of having being the Dewan of Travancore, one of the most progressive Indian States. It is not for us to advise him as to what policy he is to pursue, but we take the liberty of placing before him a few suggestions. All our critics have pointed out that the mistake we committed was in taking too narrow a view of the villager's economic life, that we should have envisaged his economic problem as a whole and not concentrated our attention upon giving him credit facilities only. Taking this for our guidance, the new Registrar will do well to give the average village ryot for whom the Co-operative movement is mainly intended, further help by encouraging the organisation of marketing societies. Our readers would find in another part of this journal the gist of an address presented to the Hon'ble Minister in charge of Co-operation by the Loan and Sale Society of Erode. Mr. E. S. Ganapathy Iyer, its enthusiastic president, has therein advocated the expansion of this branch of co-operative activity and it is well worth attempting. Banking enquiry Committees of different provinces have calculated

that crores of rupees are being utilised in the process of marketing agricultural produce; if, therefore, the co-operative movement were to help the farmer in marketing his produce by giving him advance until he is able to get a fairer price for his produce, the movement would be able to absorb all the spare money for which it does not find an easy and safe outlet at present, and in addition it would be conferring a great boon upon the villager.

There is another aspect of village life which has been hitherto neglected. The average ryot is not only a producer but he is also a consumer, though perhaps the articles he consumes for which he has to depend upon others are not many; but still he has his implements to purchase, his manure to buy and such indispensable articles of provision for housefold like salt, kerosene, matches and clothing to be got. For this purpose successful village societies may be developed into a sort of society with multiple objects and if the demands of a village for a particular article of consumption be pooled together and if an earnest attempt is made to purchase these common requirements as cheap as possible, the consumers' movement can be made to flourish even in villages as well. The wrong idea that we have that consumers' movement means only a store and that it can flourish only in towns where we have a large floating population deserves to be refuted. That is one aspect, the urban aspect, of the consumers' movement. Agricultural Organisation Societies of England, Scotland and Ireland are all specialising not only in dealing with the problems of the average farmer as a producer but are interested in helping him as a consumer and they give him facilities not only for marketing his agricultural produce but for getting his requirements in as cheap a way as possible.

Stores in this province as well as in other provinces in India have not been flourishing well, that is because we are firmly convinced it has been started and run by middle class men, upper and lower, many of whom do not feel the pinch and who have taken to it out of their love for the ideal. If however stores are started in big urban areas, to start with, amongst lower classes, the strata of society in India corresponding to the famous Rochdale flannel

weavers, the pioneers of the store movement in England, there is ample scope for the spreading of consumers' movement in urban areas as a whole. We advocate this policy of expansion of the Consumers' movement both in rural and in urban areas because we have faith in its future and the vast potentialities it has of being helpful to the masses. There will be ample opportunities for bringing together these two sections and the consumer in town can be put on to the producer in the villlage and *vice versa* to the mutual benefit of both sections. This linking of the producer and the consumer is a recognised line of activity of co-operative life in the west and there is no reason why we should not make a deliberate attempt in that direction.

Side by side with this new line the fundamental basis of all co-operative prosperity, thrift ought to be preached both to Urban as well as among the Rural Co-operator and we must carry on a vigorous campaign in favour of wholesale insurance. There is very little excuse at present for the average man not getting the benefit of insurance, as co-operative insurance society recently started and successfully run in our province is willing to issue policies that will be within the reach of the very poor in the land.

Even in the credit movement there is a very promising field in urban areas especially amongst workmen employed in big institutions like factories and workshops, where the management is sympathetic and is willing to co-operate. The Royal Commission on Labour has pointed out how most of the Factory hands are heavily indebted and pay high rates of interest. Co-operation has a very promising field in this area; so also amongst the employees in offices who can be helped not only as members of credit societies but can be enrolled as members of Co-operative Restaurants which would be able to give them healthy food at cheap rates as the few institutions on these lines run in Madras have amply demonstrated. These points were pointed out by Mr. Bhupathi, the Deputy Registrar of Co-operative Societies, in his Presidential Address at the Anniversary of the society recently started for the benefit of mill-employees at Koilpatti in Tinnevely District.

These are some of the suggestions we would place before Mr. Austin, the new Registrar, whose real interest in the healthy progress of the movement is amply testified to by his personal visits to important Co-operative organisations in the City and in the moffusil. We hope he would be retained long enough in the Department and given a chance of putting into successful operation his plans for the economic betterment of the masses.

Competition within Co-operation.

Co-operation as an economic gospel goes deeper than most people imagine and in order it may work successfully it must bring out a radical change in our general outlook on life. Ever since the Industrial Revolution in England and the phenominal prosperity that followed it, the mentality of people in the west has been actuated by a strong individualism and their social philosophy is based upon competition. The average man has been made to believe that if every unit of society were to pursue uninterruptedly his most selfish ambitions, society as a whole would be prosperous. Latter experience of mankind has proved the hollowness of this doctrine, and the modern outlook of thinkers is more socialistic in the sense that the individual should not be given so much liberty to do everything as he pleased and that he must be trained to subordinate his own interest for those of the bigger group of which he is a member. Co-operation aims at service rather than success and subordination of our selfish interest for that of the bigger group and it *has not* competition as its basic principle. But this idea has not permeated all members and until that is done very little of real co-operation can be expected. The producer wants to combine with fellow producers to exploit the consumer and the consumer wants to join with fellow consumers to exploit the producer. It is only the first step of success if we succeed in enabling the producer to combine with those of his own class and in enabling the consumer also to do the same; but if the movement is to succeed untimately both these classes of people should be trained to have a proper mentality and we must ultimately aim at bringing about a rapproachment between the producer and the consumer. The producer should be trained to look upon the consumer not as his enemy to be exploited to the maximum extent but as a brother co-operator for whose benefit he himself is to work; similarly the consumer also is to be trained to look upon the

producer not as one to be exploited, one from whom things ought to to be got at the cheapest rate but as a fellow worker in the big social fabric of which both are members. That would be real Co-operation.

We are led to think on these lines by our observations of how mutually antagonistic groups are formed and strengthened, those of producers and consumers. Our point would be clear if we take one out of the many instances of such unhealthy rivalries that have come to our notice. In the city of Baroda there is a milk producers' association functioning successfully. It collects the milk produced in the neighbourhood of the city and transports the milk under hygenic conditions for the consumption of the inhabitants of the city of Baroda. It has opened depots in several parts of the town where milk is sold to the consumer. The object of the Union is ultimately not *service to the consumer* but *profit to the producer* and therefore it tries to sell its milk as dear as possible consistent with the ever operating economic laws of supply and demand. There is another co-operative organisation consisting of milk consumers in the city and it tries to get its milk from the neighbouring villages and have it distributed among its members at as cheap a rate as possible. Here again the ultimate object of the society is not *service to producers* by taking away their produce and giving them a fair price but maximum *profit to the consumer* by getting the milk as cheap as possible. These two organisations exist side by side but more or less in open rivalry and hostility. Milk producers try to get the maximum for their milk and the milk consumers try to get what they want as cheap as possible. Both are actuated by profiteering motives and are prepared to exploit the opposite party. It requires a radical change in the mentality on the part of both these groups to realise how they can fit exactly into each others requirements and how they can be mutually beneficial if they substitute service and sacrifice for profit and exploitation as the basic force of their activities. Nothing short of such a change in the mentality is what we plead for. Co-operators there are who join the movement having fundamental faith in competition and looking upon co-operation as a means (owing to certain peculiar circumstances) of succeeding in competitive struggle. They are not genuine co-operators and unless we effect this radical change in our ' Philosophy of Life ' and general out look we cannot be sure of ultimate triumph.

The Madras Milk Supply Union.

Among the few successful non-credit co-operative institutions working in the city of Madras, the Co-operative Milk Supply Union deserves a prominent place. Excepting in Calcutta and to a small extent perhaps at Lahore, there is no provincial head-quarters where a successful Co-operative Milk Supply Union has been working. We may, therefore, take a legitimate pride in the success of this institution as revealed in the latest audit report for the year ending 30th June 1934. This union consists of Co-operative Milk Supply Societies organised in the city and in the mofussil and managed by the representatives of constituent societies who, however, are helped by three nominees of the department. It has had a chequered career, as the statement appended showing the progress during the last seven years proves. It is only during the last two years that the union has been able to show some profit and we hope its dark days are over and that it is on the sure path to successful working. We are glad to note that the Government loan of Rs. 15,000 which was given in the first years of its working has been repaid with interest.

The one sad chapter in the history of this young institution was its failure to keep up its contract regarding the supply of milk to Government Hospitals. This sad story is narrated very shortly and lucidly in the appendix attached to the report. We are told how the contractors supplying milk to Government Hospitals were selling it at 13 annas a measure and how when the society offered at a cheaper rate, they naturally combined and fostered dissension among the members of the Union and succeeded in disabling the union from fulfilling its contract. The Government demanded heavy damages. We hope the Government would realise the significance of the point made out in the report that while the Union was supplying milk to the hospital there was a saving of Rs. 45,000 to the Government because of the low rate at which the union tendered to supply. If this figure be correct, we hope the Government would be able to waive its claim for damage of Rs. 10,000 and encourage the Union by liberal grants and enable it to purchase a pasteurising plant. This, as the report points out, is very highly necessary in order to enable the society to get its milk milked at the natural hours. Now in villages milk is being milked at one o'clock in the morning or in the afternoon so that it may be transported to Madras in time to reach the consumers.

Moreover, if pasteurising arrangements are completed milk could be brought by the cheap medium of Rail. We endorse the appeal of the Union to the Government for a grant towards this highly indispensable item of expenditure. Calcutta has it and Madras deserves to have it. We hope the Co-operation authorities that are interested so much in the general welfare of its citizens will also contribute their quota to enable the Union to set up an up-to-date pasteurising plant.

We are glad to note that the milk supply Union is attempting to put itself in touch with the premier consumers' organisation in the city, the Triplicane Urban Co-operative Society, and we hope a contact would be established between the producer and the consumer of this very important article of diet. We wish the Union all success.

Appropriation of Reserve Funds of Co-operative Societies towards Bad-Debt.

(By "A Berar Co-operator")

I. *Preliminary:*—Co-operative opinion in the Central Provinces especially in Berar is now centred round the important question of appropriation of Reserve Funds of Co-operative Societies towards Bad Debts. This question of giving relief to members of societies on the strength of the Reserve and other funds of societies was emphasised in the first instance by the "Kelkar Committee" appointed by the 7th Session of the Berar Co-operative conference held at Morsi in April 1932.

The proposals of relief recommended by this committee were placed for consideration before the 8th Session of the Berar Co-operative Conference held at Buldana in April 1933 under the guidance of Rao Bahadur M. G. Deshpande, as its Chairman and these were very warmly appreciated and unanimously supported in the Conference though not without lively discussion on its details. The then Hon'ble Minister of Agriculture Dr. Punjabrao Deshmukh, who inaugurated the proceedings of the Conference in his speech endorsed the necessity of affording relief to members of societies on the strength of the accumulated Reserve and other funds of societies and assured sympathetic consideration of the proposals made by Berar Co-operators at the hands of the Local Government.

The scheme of relieving the burden of debt of members of societies as laid down in chapter XIV of the report of the Committee appointed by the Morsi Conference was also in due course submitted to Government. A meeting of the office-bearers of Central Banks was convened on the 30th of April 1933 (at which the Junior Deputy Registrar, Co-operative Societies presided) when definite proposals of relief to be extended to members of societies were framed and these were submitted to the Local Government through the Registrar of Co-operative Societies for approval and necessary sanction. In the meanwhile spade-work towards finding out bad bebt in societies was undertaken in each bank-area by Directors of Banks and by Enquiry Committee appointed specially for this purpose and detailed information was collected for each of the members of societies in a form

prescribed by the Registrar. A special Conference of the office-bearers of the Institute and Central Banks in Berar was then convened by the Registrar of Co-operative Societies in October 1933 to formulate fresh proposals in the light of the correct data that was thus made available. This conference which sat continuously for two days discussed in greater details the pros and cons of each of the problems at issue and arrived at definite conclusion on the basis of the facts and figures thus obtained.

These definite recommendations made for the resuscitation of the movement by Berar Co-operators—and amongst them perhaps the most important one *viz.* of wiping off Bad debts accrued to Co-operative Societies from their accumulated Reserve and other Funds are now under the consideration of the Local Government and their approval and necessary sanction is very eagerly awaited.

The lively discussion and the subsequent keen voting in the last session of the Legislative Council on the token cut moved by Mr. M.P. Kothe, M.L.C. has roused considerable interest in this subject and the following few lines are devoted to the full consideration of the subject from important points of view. For the purpose of dealing fully with the subject, it must be approached from four different points of view *viz.*, legal, technical, co-operative and financial.

II. *The Legal and Technical Aspect.*—To convince those (sceptics !) who still hold the view that there can be no relation between the profits of a working society (including the invested Reserve Fund) and its losses *i. e.* bad debts a fact which is in itself so obviously self-evident the following arguments may be advanced:—

(I) To begin with we have section 33 or the Co-operative Societies Act of 1912 which runs as follows:—"Provided that after at least one-fourth of the *net profits* in any year have been carried to a Reserve Fund, etc." we are not concerned here so much with the contents of the Section as with the important set of words employed therein *viz.*, "*net profits*". The use of words "net profits" in the section of the Act is deliberate and makes it abundantly clear that it is not the ¼th portion of *all* the profits or of the gross profits as they are called that is to be carried to the Reserve Fund of the Society but that of the *net profits.*

(II) The standard by-laws of a co-operative society (by-laws Nos. 39 & 40) and Rules made by the Central Provinces Government under

Section 43 of the Act also significantly repeat this phrase *net* profits obtained in the Act. Now what is the exact import of these *net profits* of a society? Does it not mean as is done in the case of all other business institutions that necessary expenditure incurred in the running of the concern and the losses encountered in the business carried on during the year should be deducted from the *gross* profits and that the *net profits* thus arrived at should be invested as Reserve Fund. Or is it meant as at present is being practiced in this province to-day that the Balance sheet of a Co-operative Society should on one side show gross profits in the form of Reserve Fund and on the other side the losses incurred by the society from year to year in the from of bad debts accrued from its members and is it further meant that these two items which should in practice cancel each other should like parallel lines never meet.

We have again on the high authority of *Crosthawaite* the fountain source of Co-operative practice in the Central Provinces that it was not meant to be so. Dealing with the purpose of the Reserve Fund the learned author of " The Co-operative studies and the C. P. System " states that " A Reserve Fund is but a portion of the credit balance of the profit and loss Account which has been separately earmarked " as being " reserved ". If, therefore, at any subsequent date, losses be sustained which cause profit and loss account to show a debit balance any credit balance that there may be upon the Reserve Fund must be at once applied (so far as it goes) towards extinguishing this debt balance. *It would be a contradiction in terms to state upon the same balance sheet one item representing deficiency on Profit and Loss Account and another item representing surplus on Reserve Profits.* The continued existence of a Reserve Fund is dependent upon the continued existence in the undertaking of profits out of which that fund was originally created. *If these profits have been absorbed in subsequent lossess, the Reserve Fund automatically ceases to exist.* This clearly-worded expression of the purpose of Reserve Fund of society is enough to dispel any doubt as to the close inevitable relation between the Reserve Fund and the bad debts of a working society.

III. To revert the phrase *Net profits,* it is explained by *Mr. K. S. Gupta* the well known annotator of the Bombay Co-operative Societies Act VII of 1925 as follows :—

The term " *net profits* " has not been defined in the Act. It can be interpreted as meaning the excess of total receipts over the

prescribed by the Registrar. A special Conference of the office-bearers of the Institute and Central Banks in Berar was then convened by the Registrar of Co-operative Societies in October 1933 to formulate fresh proposals in the light of the correct data that was thus made available. This conference which sat continuously for two days discussed in greater details the pros and cons of each of the problems at issue and arrived at definite conclusion on the basis of the facts and figures thus obtained.

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III. To revert the phrase *Net profits,* it is explained by *Mr. K. S. Gupta* the well known annotator of the Bombay Co-operative Societies Act VII of 1925 as follows :—

The term "*net profits*" has not been defined in the Act. It can be interpreted as meaning the excess of total receipts over the

total losses in any particular year. The general rule is that dividends are not to be paid out of capital, but out of profits. So, *before the net profits are calculated*, the entire expenditure incurred by the society during the year and reasonably chargeable to the reserve fund and *any loss on account bad debt written off must be debited in the annual profit and loss account. Unless this is done the safeguards against bankruptcy will not be greatly diminished.*"

This explanation of the term '*net profits*' obtained in the Act, the by-laws and the rules leave again no room for any apprehension regarding the writing off bad debts in a working society from its accumulated profits, which can in fact be invested only after this compulsory deduction is made. This shows that it was not contemplated by the Co-operative Society Act II of 1912 which is still in force in this province that the procedure of ascertaining *net profits* in a Co-operative Society should be radically different from that of a Company registered under Joint Stock Companies Act, or that of a firm registered under Partnership Act or of a society registered under Societies Registration Act as in the case of these concerns an Auditor would certainly be held liable for exaggerating the affairs of that company, firm or society if he allows the whole profits of that institution to go in the Balance sheet without deducting the annual losses. But this mistaken (shall we say ridiculous) procedure of making no distinction between the gross and the *net profits* of a co-operative society is still being followed in this province and if any attempts are made to set it right these efforts are dubbed as " novel, making a new departure and even as acts of a demoralized people who want to fritter away reserves so carefully and patiently built."

Some more Authorities.—Only two more well-known authorities one of an official and the other of a non-official may be quoted in support of this view. Mr. Calvert, who is perhaps the highest authority in the domain of Co-operation and whose word is respected as Law states in his well-known treatise on the Co-operative Societies Act that "*The first function of a Reserve Fund is of course to cover bad debts.*

Mr. Henry Wolff, who has written more than anybody else both extensively and intensively on Co-operation in India writes to the same effect and is of opinion that the purpose of a Reserve Fund created in Co-operative Societies is "*to meet deficiencies of losses for which only with hardship would individual members be made responsible.*

IV. *What they do in the Bombay Presidency.*—In Bombay they have a definite rule framed by Local Government which is very explicit on this point and it may be quoted below with advantage:—

Rule No. 12:—" *Writing off of Bad debts*:—Bad debts may be written off against the reserve fund of any society and in the case of limited liability societies, if the bad debts exceed the reserve fund the balance remaining may be written off against the share capital of the society.

" Provided that (i) no bad debts shall be written off without the sanction of a general meeting, (ii) before any such debts are so written off, the society, if it is affiliated and indebted to a Central Bank, shall obtain the approval of that Central Bank in writing, which approval shall be given after consultation with the Assistant Registrar, and shall be countersigned by him. If the society is not so affiliated, or if the society is so affiliated and is not indebted to the Central Bank, it shall first obtain the approval of the Assistant Registrar in writing and (iii) if the society itself is a Central Bank, the approval of the Provincial Co-operative Bank, given in consultation with or countersigned by the Registrar, shall first be obtained. " This rule which has been framed by the Bombay Government and is being enforced by the Registrar of Co-operative Societies of that province for the last so many years, *is the last word on the subject* and establishes beyond the least doubt that the relation between the Reserve Fund of working society and bad debts accrued from members is the most natural and reciprocative and that the process of writing off bad debts from the gross profits of working societies and then arriving at the net profits, which is to be taken towards Reserve Fund *is essentially co-operative and most business like.*

Other objections against the Scheme.—Having dealt with the legal and technical aspect of this question in the previous article which may be summed up in the words of *Rao Bahadur Brahma* C. I. E. who is perhaps the highest authority on Co-operative Law and Practice in this province that "the chief aim of Reserve is to meet the bad debts of concern", let us now examine the financial and co-operative aspect of the scheme and take stock of the repurcussions it is said, it may have on the working of the Co-operative Movement. The following arguments are advanced against the application of the scheme viz., (i) that the present days of unprecedented depression in land values is not the opportune time to appropriate Reserve Funds (ii) that the wiping off the bad debts from Reserve Funds would

result in frittering away the recources so patiently and carefully built, (iii) and that it would scare away the depositors of the movement, who are its mainstay.

(a) *The financial and Co-operative aspect.*—We shall now examine these arguments in the serial order. It is suggested that land values are at present at their lowest and that greater amounts than ever will have to be written off as bad debts. Why not then wait for better times ? This sounds like very much hoping against hope and amounts to relying too much on a contingency which is not going to materialize at least in the near future. In the first place none can say even with the least amount of certainty that better times both as regards high market-rates of land and of agricultural produce are in store for the agriculturists and that these "prosperous times" are to begin from this or that particular year—say from the year of grace 1935. Even granting for the sake of argument that hey—days and boom-prices are to come it is very likely that these may not come to stay and that they might come too late—when it would be well nigh impossible for members of societies now in their worst plight to retrieve their position. It is, therefore, submitted that in case it is desired that some relief should be granted to members from their own funds "so patiently and carefully built" and deliberately provided for to meet such exigencies as of the present juncture, this scheme of affording relief must be wide applicable at the earliest moment.

(b) Those who are acquainted with the details of the working of the movement need not be told that the reserve fund of a society carries interest at 4% per annum and that bad debt in the same society is charged interest at the maximum rates (from 10 to 12% per annum). Apart from the fact which is sufficiently ridiculous and absurd in itself that interest should be allowed to be charged on a principal sum, which itself is declared as "Bad Debt" and a Co-operative Society is perhaps the only concern in the commercial world of to-day where it is insisted that interest must be charged according to the principles of sound Co-operative Banking (?) on a debt which is by itself irrecoverable it is evident that an increasingly wider gulf is being created every year between these two items (both of which cannot with any stretch of imagination be allowed to remain on the same balance sheet) that large amounts of Reserve Fund will have to be depleted to meet the abnormal growth of this "worst" interest on "Bad Debts."

(c) As regards the argument that the appropriation of reserve fund towards bad debts would amount to frittering away our cash reserves so patiently and carefully built it may be said that is not only plausible but that it also indicates inadequate grasp of the objects of building up of the Reserve Fund and false notions about the insecurity of the movement in case bad debts are wiped off. Standard By-law No. 39 of Co-operative Credit Societies explicitly states that one of the main objects of a reserve fund of a society is to provide against an emergency. I would like to ask all interested in the welfare of the agriculturists within the Co-operative movement of this province as to whether they could imagine of a more disastrous emergency than the present times, which have presented not less than five successive years of failure of crops and rock-bottom prices and one does not know as to how many more are to follow. If this is acknowledged on all hands, does it not automatically follow that some relief must be granted to members from the reserves "so patiently and carefully" provided for against such an emergency. It is a matter of gratification that—thanks to the sound financial policy sternly pursued by the C. P. Government of investing the Reserve Funds of societies not in their working capital as in some other provinces of India but in gilt-edged securities cash reserves are made available to the movement in these times of agricultural distress.

(d) In case this relief is denied to the member-agriculturists on some legal, technical or financial pretext, it may very likely happen that the sustaining power of members would be reduced to nil and the whole movement would crash under an increasing dead-weight of bad debts—and in that case the cash reserves also will have to be depleted to meet the calls of depositors. It is thus evidently clear that the present state of inaction on the part of co-operators and the Local Government will lead to disastrous results and will precipitate the financial crisis in the movement which we are all trying our best to avoid.

Neither is the scheme as adumbated by Berar Co-operators liable to the charge of "frittering" away the reserves. The reserve funds thus released will be received in Central Banks as recoveries and this cash will be placed with the Registrar as a provision against further emergency. Resolution No. 9 (ii) passed in the meeting of the office-bearers of Central Banks in

Berar clearly states that "the amount of Reserve Fund of societies so received by Banks should be held by the Registrar as a "special Emergency Reserve" of the respective Central Banks, only to be drawn upon by the Banks to meet the calls of depositors when it is not otherwise possible for the Banks to do so from funds at their command". It is thus evident that Co-operators do not mean to squander away the resources so "patiently and carefully built" as it is not contemplated to make fresh advances indiscriminately or to invite the calls of depositors on the strength of the fresh reserves thus released but that only a provision of liquid cash will be made against an emergency which as we have seen is the main object of the Reserve Fund of a Bank or of a society.

V. *In the Depositors Eye.*—It is argued that utilizing the available resources of the movement for meeting bad debts would amount to putting the depositors in a false position and would amount to a breach of trust on our part. It is at once conceded that this would be a fantastic argument to scare away depositors but considering from the business point of view the position of depositors would be certainly more secure after bad debts are written off. Depositors will certainly realize this if the matter is well understood by them and is well explained to them. It is no compliment to an average depositor or for the matter of that to any other creditor—such as the Provincial Co-operative Bank to say that he will not understand that his position would be certainly improved if the concern wherein he has deposited his money-adjusts its losses against its gross profits. For after all, a calculating and a cautious depositor would always have an eye on the *net* profits of or concern and not on the gross profits or on the turnover of the firm, corporation or of a Co-operative Bank or of society in which he has placed his saving. In fact it would amount to absurd, unbusiness like exaggeration of the affairs of a society or a Bank if the depositor is made to fix his eye on the *gross* profits i. e. whole of *Reserve Funds not excluding bad debts.* There need, therefore, be no apprehension that depositors if they are properly explained the raisonde-itre of wiping off bad bebts from Reserve Funds would be scared away and make a rush on Central Banks.

VI. In the sequel, I may add that bad debts accrued in societies are hanging heavily over the minds of even good members who have refrained from paying their overdues owing to fear of their

being required to pay for others. Ambitions schemes such as Debt Conciliation and stopping of sales for the next period of 3 years have raised hopes which can never be fulfilled and an atmosphere of jubilant recklessness has been created in the minds of agriculturists within the fold of the Co-operative movement. This has necessitated the Central Banks to find out ways and means of giving relief to members of societies. Banks have threupon proposed to grant some concessions under the guidance and leadership of the Local Government of this province which has definitely proposed that "*the reserve and other funds of Banks and societies be made use of in granting these concessions.*" It is, therefore, most earnestly urged upon the Local Government to accede to the request of Berar Co-operators and to sanction the detailed and definite scheme proposed by them for granting relief to members out of accumulated reserve funds of societies.

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Adjustment of Share-Capital etc., of the Liquidated Societies by Financing Banks.

BY

(V. RAMA RAO, B A., B.L.)

Member, Board of management District Co-operative Bank, Ltd. Cocanada.

Liquidation of Societies—Adjustment of Reserve Fund etc Invested in the Central Banks—charge under Section 22 of Madras Co-operative Societies Act VI of 1932 if lost—Enforcement of the right of set off—scope and applicability of Section 47.

1. In order to fulfil the purposes of "promotion of thrift self-help and mutual aid among agriculturists and other persons with common econonic needs so as to bring about better living, better business and better methods of production" the Co-operative Societies Act has been framed giving special privileges to societies registered under the Act and to the members composing the said societies. The right of charge and set off created in favour of a registered society in respect of shares or interest of its members is one of such privileges. In pursuance of this provision the Central Banks claim in the first instance to set off towards their debt the share-capital, dividend etc., of the liquidated societies invested in them and then only make over the balance if any into the hands of the liquidator for purpose of general administration.

2. But the Registrar in a recent circular opines that the charge created in Section 22 "operates only so long as the society is alive" and the Central Bank cannot adjust the Reserve Fund etc, towards its dues after the registration of the society is once cancelled. His view is that after liquidation, it is Section 47 that applies and Section 22 does not apply to the liquidated society. As the view of the Registrar takes away a very valuable right vested in the Central Banks it is necessary to examine more critically (i) whether the charge in Section 22 ceases with the liquidation of the society (ii) whether the Central Bank can itself set off the share-capital etc., of the liquidated society against its dues or has to transfer the same to the liquidator and advance its claim of charge or priority before him along with other creditors of the society.

3. *Section 22 reads thus.*—"A registered society *shall* have a charge upon the share or interest in the capital and on the deposits of a member or past or *deceased* member and upon any dividend, bonus or profits payable to a member or past member or *the estate of a deceased member* in respect of any debt due from such member or past member or *the estate of such deceased member* to the society and *may set off* any sum credited or payable to a member or past or *deceased member* or *the estate of a deceased member* in or towards payment of any such debt." "A registered society" in this section is not disputed to mean and include the financing bank and as applicable to the financing Bank the word "member" means and includes an individual share-holder or a society share-holder. The statute safeguards the interest of the financing bank and the primary society by conferring the right of charge and set off on the share-capital of their members and gives them preference over the other creditors of their members. The corresponding section 20 of the Old Act of 1912 limited the charge only to the members and the past members. The phrase "deceased member" which is added in section 22 of the present Act (and which is absent in the corresponding section 20 of the Act of 1912) must be interpreted to mean in the case of a society-member, one that is dissolved on the analogy of the insolvency of an individual member being considered as his civil death. If the charge is intended to exhaust itself with the death of the individual or the society, the new addition of the phrases "deceased member" and the "estate of the deceased member" lose all significance. So that section 22 is clear and wide enough to give a charge to the financing bank on the reserve fund etc., of the debtor socity even after its liquidation.

4. But for the enforcement of the said charge in the case of a dissolved society the Act no doubt provides special machinery in section 47. Once the society is liquidated all the assets and liabilities *ipso facto* vest in the liquidator under section 47 (2); and under section 47 (3) (*d*) it is the liquidator that has to pay claims against the society according to their respective priorities if any in full or rateably as the assets of the society permit. Reading section 22 as modified by section 47 it would appear that the charge in favour of the financing bank subsists but that the charge should be enforced only through the liquidator. In other-words the financing bank cannot itself set off the share capital etc., in the case of a liquidated society.

5. But the acceptance of this view leads to anomalous and undesirable results. For the occasion for existing the right of charge and set off arises chiefly when the financial position of the primary society is at stake and if, at that very moment, the right of set off is negatived as enforcement delayed, it is a great loss, to the financing bank. So it is necessary to bestow some attention on this aspect of the case. It cannot however be said that a primary society cannot itself set off the capital of an individual member in the case of his insolvency or death or cessation of membership. The reason for pointing out this distinction is (*a*) while the act provides a special procedure in the case of the liquidated society there is no similar provision on the procedure to be followed on the insolvency of an individual member. On the other hand section 23 of the Act gives no right to official assignee or to the Official Receiver on the share capital of the individual invested in the primary society, so that the primary society itself can appropriate the same towards its dues. (*b*) Further if the right of the financing bank is taken away by section 47, and if the registered society is not given any substantive right of set off at all, the clause in section 22 beginning with "may set off any sum credited or payable to a member of past or deceased member or the estate of a deceased member in or towards payment of any such debt will be meaningless and therefore, the section must be deemed to confer the substantive right of set off. This interpretation leads to the anomaly of the society having the right to set off its dues against the individual member while the financing bank is deprived of a similar right over the share-capital of its constituent society. It is doubtful if the legislature intended to draw this invidious distinction and put the financing bank in a worse position than the primary society. If at all the realisation of the dues by the financing bank must be made less cumbersome and more summary. Further there is no warrant to restrict " the estate of the deceased member " only to that of an individual and not applicable to that of society and as the estate necessarily implies what follows after liquidation, Section 47 must be deemed not to take away the right of set off conferred by section 22 on a financing bank against a primary society.

6. As however the point is not free from doubt or difficulty and as Rule No. 17 framed by the Local Government governing the procedure to be adopted by the liquidator is silent, I suggest that the Registrar may be requested to have a definite rule framed so as to enable the financing bank to set off the share-capital etc, of liquidated societies towards its dues, in the first instance.

Societies and Executions

By Mr. R. Satyanarayana.

The over-dues is the rock over which the Co-operative Societies generally strand. If they gain that ground sufficiently secure and for a sufficiently long time, no human attempt can dislodge them from the place. The question of over-dues is an epedimic whose contagion spreads, catches and devours societies even if it is an otherwise strong constitution The legislature, in its wisdom, has passed Act VI of 1932 which governs now the co-operative societies.

There is a view which says that prevention is better than cure: I have no quarrel with it. But, preventive methods should be generally adopted before the grant of loans. If those responsible for the distribution of monies scrutinise the purpose of the loan, the necessity of the individual, the adequacy of the sum for the purpose, the repaying capacity of the borrower, the question of over-dues may seldom arise. When the distribution of the loan takes place, the creation of habits of thrift, timely persuasion to pay the spare money in convenient instalments, recourse to improved methods of increasing the resources, the existence of a good market to dispose of the produce without any unnecessary waste, may be some preventive methods in seeing that borrowers do not become defaulters. Let us also think of a situation when these preventive methods are not adopted or are tried but failed with the consequence that loans become over-due. The over-due may be due to the temporary inability of the borrower to meet the demand now, but solvent enough to discharge it later on. It may be due also to causes of a deeper character. The borrower may have less assets than liabilities. The borrower may be prone to the mischievous tendency of parting with his assets to evade his obligations. Such cases must keep the anxious and vigilent creditor in search of curative methods. They are under the prevailing circumstances, instantaneous (1) closure of the loans, (2) filing of references and (3) levying of executions so as not to lose the good money in the bad bargain. The first lies entirely in the hands of the creditor society. Others are not in their control entirely. I propose to deal with remedies 2 and 3 and their present insufficiency to cope with a grave situation stated above.

Rule 65 empowers the local Government to frame rules to carry out all or any of the purposes of co-operation. The rules framed by the local Government make provision for the institution and disposal

of disputes and so far as they go, they cover the topic adequately well, laying down an exhaustive procedure though with the creation of some more facilities, as I conceive them; the disposal of suits should be more speedy without any mis-carriage of justice; those rules that deal with the references are, on the whole sound.

Suits.—Each Revenue Taluk has societies ranging from 30 to 50. The Registrar has been appointing arbitrators for each taluk to whom the references are remitted for disposal. Rule XVI deals, in its sub clauses 1 to 6, with the mode of service of notices in suits. It does not say to whom the summons should be entrusted for service. Arbitrators cannot be expected to go about villages for service of notices. Naturally they have to depend upon the ordinary Post Office or the society which happens to be the plaintiff. It may be within the experience of an average man that the principle of entrustment of summonses to the plaintiff society for service on the defendants is inherently unsound, for more than one reason. The delay in service, the dis-inclination to serve by way of obliging their fellow members who are their friends, relatives, co-defaulters, and sometimes benamidars, fictitious service on the defendants to avoid the raising of unpleasant plea at the hearing, are some of the draw-backs of this practice. The entrustment of service to the village officers is equally inefficacious because many village officers have a direct concern with the society, either as office-bearers generally or as defendants in particular cases; they are already over-worked as administrative units. They generally think that their only duty is to obey the behests of the Tahsildar and other paid public officers. They cannot and will not be prompt and enthusiastic to effect service properly on the defendants. The recourse to post office on a large scale is equally un-successful besides being expensive. The despatch of summons by ordinary post does not effectively reach the defendant or reaches him late through a postman who goes to the village once a week in his beat. This service leaves no acknowledgment of service with the arbitrator; so mcuh so, later on, the defendant can re-open the matter by plausibly maintaining that he was not served with any notice in the dispute or served at a late hour or day and consequently he had no time to attend the office of the arbitrator. The matter has to be retried because, it is ordinary justice that a case will have to be heard on merits with good opportunity given to both parties for presenting the two aspects of the case. The despatch by registered post, no doubt is better, but frequently it entails some

expenditure in postage and delay in service when the defendant could have been more effectively served with no expense and delay. It is not uncommon that a lazy postman endorses on the letter "refused" or "not found" and sends back the letter to the arbitrator. Though we can presume that all official acts are regularly done, the presumption is not that official acts are correctly done. Very often, the post-man hands over the ordinary letters to a co-villager at a neighbouring shandy for being delivered to the addressee little knowing that the co-villager is after all not well disposed towards the addressee or is not responsible to do the duty of post-man or goes satisfied that his duty ends when he, in turn, places the letter in the hands of another co-villager for favour of delivery to the addressee. Whatever it is, the result is the defendant is not served (*a*) promptly and (*b*) properly, which gives a handle to the defendant to re-open the dispute, at least to gain time, if for nothing else. After all, service by post is only a secondary mode of service recognised under the Civil Procedure Code and is not recognised by the rules under the Co-operative Societies Act as is patent from a perusal of the rules. In passing, I must say that the rules must provide for service by registered post on defendants not residing within the jurisdiction but whose whereabouts are definitely known to the society or arbitrator and where the notice could not be sent to another Registrar or arbitrator for service within whose jurisdiction, the defendant takes residence for the time in rare cases.

So the only mode that is contemplated and available now under the rules is through some human agency as opposed to post office. It is pointed out above that service through the plaintiff society may not tend to do justice to the defendant at all times. Hence, the arbitrator must scratch his head to devise means of effecting service consistently with the rules laid down and justice to parties. He must requisition the services of the staff of a Co-operative union, whose hands might have been full already, or who may be disinclined to do this work or may not be able to do this work, it addition to their pre-existing and per-arranged legitimate duties. The entrustment to the Police is not warranted; it is not their recognised duty.

Then, there is no alternative, but to appoint a process server to each taluk for service of notices on the parties. The advantages of having such a job would be more clear presently. Each arbitrator may be supplied with the forms and postage and other stationery once

a year and a process server attached to him with a defined jurisdiction over the taluk if the societies are few— say 30— or over a part of the Taluk if the societies are many— say 50—. The jurisdiction may be limited or extended from time to time according to the number of societies in existence or according to the number of references or disputes that come up for disposal in the year by taking statistics of the previous years. The cost of this machinery must be met either by the Government or by asking the Society to pay a few annas—8 annas—for every reference, which will be the costs of the suit. An arbitrator, with a static or touring office furnished with a process server, stationery and seal goes a long way in the apprehension of the defendants and disposal of the disputes with quickness, conducive to the success of the movement or in the arrest of over-dues.

Execution:—The Local Government under Sec. 652(o) i. to iv. can provide for the appointment of an arbitrator to decide disputes lay down the procedure to be adopted in proceedings before the Registrars, Arbitrators, or other persons, levy expenses incidental to such proceedings and for the enforcement of such "decisions or awards in such proceedings". According to (CC) the officer empowered by the Registrar can investigate the claims etc., preferred by the claimants to the attached property. Here the word "proceedings" seems to have been used in a restricted sense meaning only disputes. It does not seem to embrace applications for execution. If I am correct in my supposition, the Government would do well to give the word "proceedings" an extended meaning so as to include all sorts of proceedings, or to make the meaning more clear.

Then, for the enforcement of awards the remedies now open are (i) civil (ii) Revenue and (iii) official or departmental. In the Civil Court, the execution application has to confirm itself to certain forms, follow the circumlocuted procedure and abide the time of the vakil and the pleasure of the judge, not to speak of the inclinations of the clerks. The Civil laws delay is proverbial; the pursuit of that remedy in Civil Court is expensive, the costs incurred and as taxed by the officer of the court (which are not low) will be saddled on the already poor or impoverished defendant. Besides the functionary of the plaintiff society would be obliged to go to the court or vakil's office, it may be, on different occasions, either on society's work or individual business, and such occasions are not rare, and claim T.A.

or private expense which cannot be recovered through courts from the defendant and ultimately the society has to bear them. The delay and worry involved in execution in Civil Courts prompted some of the learned judges to observe that the real difficulties of a suitor commence with execution.

As regards Revenue execution there are one or two aspects to be considered. I do not mean to say that the revenue officials are not helping the movement. But, their help is not adequate for reasons sometimes beyond their control. The process followed is thus:—The society sends the execution application to the Registrar who forwards the same to the Collector who in his turn transmits the same to the Tahsildar, who will entrust it to the Revenue Inspector, who either does it himself or asks the village officer to do it for him. We know what a lot of business the Revenue Inspector has got to do for a certain given month. He cannot easily spare time to pursue the execution to the end or for a substantial part of it on his tour day apart from his other, prior, older, engagements. When the result of execution depends on the sweet will of the village officer, the outcome would be invariably nil for obvious reasons. The Revenue Officers will enteitain executions not beyond a certain number say 40 or 50. The societies are circularized, I learn, that execution to the Revenue side should be resorted to, after other remedies are exhausted.

Where Panchayat courts exist and where the decretal amount is less than Rs. 50 societies can levy execution in the Panchayat courts which are only empowered to attach and sell moveable property. The Panchayat court, generally with judges ranged on opposite sides, identifying themselves with the litigents on grounds of favouritism, kinship or village faction is not in a fair position to take effective and speedy action apart from its inherent limitations of selling immoveable property or arresting the judgment-debtor. The little action that a Panchayat court is capable of taking is after all, through the Village Officer and Talayari.

Then comes the departmental execution. The Registrar sends the execution applications to the "Sale officer" only one officer for the whole district—that means for nearly 500 societies. Let us assume a modest figure that each society has five executions to be levied for a year. It means that the sale officer has got to deal with 2500 execution applications, not to mention the interlocutory applications on claims etc., with jurisdiction over a whole district. We have seen what

abnormal delay is caused in civil courts with jurisdiction over only two taluks and execution cases ranging from 500 to 1000 a year. What an anamolous position the sale officer occupies in the economy of the Scheme of the Act, which aims at simplicity of procedure and speed of the final action. Even if the sale officer is conscientious and pains-taking, solitary as he is, it is beyond human possibility and endeavour to effectively deal with so many as 2000 or 2500 cases, his area of operations being the entire district and his staff consisting of a single process-server, used both to cater to the needs of the sale officer in a strange and out of the way place, and to summon the defendants absent at his farm or shandy in the vicinity. This comment on the inadequacy of the remedies of execution at present obtaining in the various branches should not create an idea that the litigant societies are infalliable. They have got their own faults:— Some societies do not close the loans and file references of their own accord. Some societies are not apt to take action on the decrees obtained; some are inclined to grant time either before or in the middle of the execution. The devise of not giving the address of the defendant, to be served, or not giving full and adequate description of the property to be identified for attachment and sale, or not furnishing the encumbrance certificate for a time to fix the terms of proclamation, is a somewhat common feature with the plaintiff society only to accommodate the defendant without a full appreciation of the consequences of such methods. If the men on the spot are not inclined to work, what can the union staff visiting societies once in a month or two, do? In such cases even the anxious exhortations of the central bank and the distant vigilence of the district officer through the occasional visits of his administrative inspectors would be equally futile, tending to create more scriptory business than actual operative work. The various circular instructions would only remain on the rack as scraps of paper for white ants to feed upon without going to the root of matter and solving the real problem.

My suggestion is that local Government in its rule making power, if they do not already provide, may frame rules and provide for the appointment of more "sale officers" or "other officers" invested with the duty of deciding disputes and executing the decrees of the Registrars or arbitrators with all powers of effecting attachment, conducting sale, and investigation of claims with a limited jurisdiction over a taluk or a part of it according to the average file of the execution cases in the year, number of societies in the area

aided by process server. The Government should not mind incurring some expenditure in providing these remedial measures. Or, the Government can ask the societies to deposit costs, as it has been doing now in execution, and utilize the same for the pay of the process server. The creation of arbitration unions with a limited number in each taluk or the requisitioning of the services of a non-official, having leisure and will to help the movement, in the taluk may serve the purpose. When the officials find it easy to secure the services of non-officials to act as "arbitrators to decide disputes" it must be equally easy to find the same or other non-officials to act as "Arbitrators to levy execution." Provision can be made for their travelling allowances. When properly canvassed many retired officers, Junior Vakils, educated unemployed men of the locality would be only too willing to serve the movement as arbitrators. When they are so harnessed to this honorary profession, they will incidentally play the role of guides and propogandists of the Co-operative movements and give proper advise to, and frequent pressure on the societies to discharge their onorous functions properly. By this process, the suits and execution applications may be, as usual, instituted in the Registrar's Office who will transmit them to the respective arbitrators (officers for suits and sales) for disposal according to law. By the way, I think no harm would result even if the various proceedings are allowed to be instituted in the office of the arbitrator, who will transmit the files after disposal, to the office of the Registrar for safe custody. I believe the "Sale officer" or "other officer" in the already framed rules can be made to yield this extended meaning. If it does not admit of such an interpretation, the present rules may be supplemented so as to embody this system of arbitration. I think, the system proves beneficial to the movement. Prompt and final disposal of suits speedy and firm action in execution, without any mis-carriage of justice and abuse of the process brings unavoidable pressure on the dorment societies and arrests the constant growth of over-dues which is a major part of the substantial work for the success of the Co-operative movement. I will be satisfied if my feeble plea for the adoption of this system stimulates the thought of the official and non-official gentlemen in the co-operative field whose constant endeavour is to successfully lead the movement from strength to strength, by devising ways and means (including or excluding my humble suggestions) of achieving that end with reasonable speed and enduring safety.

Honorary Deputy Registrars—A plea for the Inauguration of the Scheme of.

By Mr. K. L. Bhandari.

In or about 1919 a few non-officials were selected to work as Honorary Assistant Registrars. The scheme was found useful and effective and in the next year it was enlarged to the whole Presidency, keeping the number within 40.

In the Government Order accompanying the said appointments, certain functions were assigned to these honorary men, and for a few years there was nothing but praise for their work.

When the Unions came to be multiplied there was a demand for more and more of these appointments, so that by 1926 the Provincial Union for various reasons was forced to "cry halt", saying that we are having too much of a good thing, and the general morale in Unions was going down because of the competition and canvassing for these posts.

In or about June 1927 the whole original scheme was abolished.

Seven years have since passed. Supervising Unions have been considerably reduced in numbers. Societies to the extent of 1200 have been liquidated in the past two years. With all that, there are 5000 dormant and indifferent societies. In my won District S. Kanara) the outstandings against societies which was then nearly) 13 lakhs in the District Bank is now just over 4 lakhs, of which again, over 1 lakh is due from liquidated societies, and more than one lakh is overdue in Principal and Rs. 7,000 is overdue by interest at the end of March 1934 from other societies. If what is true of one District can be fairly assumed to be true as regards other Districts also, I believe it is time that more persons among non-officials should bestir themselves into activity. The Unions can be said now to have no wider area than a Revenue Taluka; a few of the union areas may have plenty of human material to take abiding interest in and fostering care of, affiliated societies. Some will need men of local influence and experience to generally look after the progressive development of co-operation in their area, especially where there is financial weakness.

Of late, we have been noticing rapid increase in the numbers of the official staff and it looks as if de-officialisation is either kept in the back ground or totally ignored.

It is publicly being said now that the movement is in a "perilous plight", "critical situation" or "is causing anxiety." My own view is that depression has no doubt been responsible to some extent, but the indifference of the non-official element is no less to be blamed. Being everybody's movement no one felt any individual responsibility for the good working thereof.

The work before us is vast and if seriously considered heavy enough. The multiplying of administrative inspectors, sale officers, Sub-Deputy Registrars etc., may not effectively improve the tone of the movement.

It is the non-official alone who must be made to shoulder this responsibility. In a previous article I pointed out the immediate necessity of tangibly reducing the lending rates in all institutions and steps are now being taken in that direction. The available finance must be put to use, consistently with safety. Dormant or indifferent societies should be tried to restart work, produce-loans must be introduced in a wider scale etc.

Who else can do this but a trusted array of non-officials popular with the people and at the same time having the Government badge of such recognition and spread over the Presidency ? The cost is negligible. Select areas may be chosen, especially where deterioration is clearly visible. We shall be able to see within the space of a year to what extent we have pulled up.

I wish to add that these lines are not penned in any idea of furtherance of my self interests. I hope I shall not be therefore misunderstood.

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Extracts.

THE DAWN OF A NEW WORLD.*

(Broadcast by Willy Serwy, from Radio-Brussels.)

Never has it been more necessary to speak of Co-operation. In the present confusion amongst the so-called ruling classes, the scepticism which pervades the masses and the failure of Government conferences, it is more than ever necessary to put forward the co-operative idea. For several years we have been passing through a great crisis, the consequences of which are visible to all, and which is leading us, whether we will or no, towards the complete transformation of our social system. Notwithstanding the revival of nationalism which is at present affecting every nation in varying degrees and in different ways, the technique of production and the rapidity, as well as the multiplication, of means of communication, on the one hand, and, on the other, the general desire which instinctively exists among the masses to enjoy the benefits of civilisation, are preparing a new world. The solution of the world's present difficulties is to be found in the application and generalisation of the principles underlying the co-operative organisation of commerce and industry, which to-day numbers more than 70 million co-operators affiliated to the International Co-operative Alliance. But neither Governments, economists nor statesmen see this.

Why can we place our trust in the Co-operative Movement? The system to which the world submits is founded solely on competition, and on the struggle for profit. The law of the strongest prevails, and this is the cause of rivalries, conflicts and wars. Co-operation, on the contrary replaces the idea of individual profit by that of service.

Why are we able to assert that this is not a theory only, or a Utopian idea? Because, notwithstanding wars and crises, Co-operation has steadily progressed ever since its birth 90 years ago and its development has spread to every nation. Springing from the will of a few working men, it can be said to-day that over the countries of the Co-operative Movement the sun never sets. It has increased in the numbers of its members and enterprises and has found its way into every branch of human activity—commerce, transport, industry, agriculture, art, science, recreation, &c. It has become a necessity for all workers, whatever their nationality or race. Its progress has been continuous and has experienced no set-backs. It may be that it advances more slowly that we should like, but at least it proceeds surely towards its goal. It is a social order in the making which will one day appear before the astonished gaze of the system-makers.

* Extract from the Review of International Co-operation—July 1934.

Co-operation claims to be based on knowledge gained by experience. It is inspired by the needs of men and provides a practical method of satisfying them with complete equity. The offspring of exploitation and poverty, its aim is to secure the well-being of all by means of remunerative labour. But its achievements exist, plainly visible to all those who wish to see them. We have every right to repeat that this is no exaggerated picture of the World Co-operative Movement.

The statistics collected by the International Co-operative Alliance, like those published by the International Labour Office, show that the Co-operative Movement has lost none of its former vitality. That does not mean that it has not its moments of difficulty and times of struggle, nor does it mean that it no longer has new problems to face, or any necessity to perfect its organisation. Besides, co-operative enterprises cannot escape the results of the crisis, and it is obvious that their functioning is affected by the ills caused by economic disequilibrium, the more so because they include just those workers whose purchasing power is particularly affected and who are suffering from unemployment.

We learn from statistics published by the International Co-operative Alliance that, in 1932, the number of co-operators in 23 countries which had supplied information had increased from 87,913,000 to 89,208,000. In nine countries, the turnover had decreased less than prices, and in nine others more than prices. The decrease might finally be estimated at between 9 and 10 per cent, and arose principally from the diminished purchasing power of the people, from unemployment, and, in the case of rural districts, from the fall in the price of agricultural produce.

Information with regard to 1933 shows an improvement over the previous year in the turnover of the Co-operative Wholesale Societies in England, Scotland, Denmark, France, Finland, Norway and Holland. The increase in membership was particularly large in Denmark, Great Britain, Sweden, France, and Switzerland. Generally speaking, the development of Consumer's Co-operative Societies has not been checked by the general economic conditions, notwithstanding the attacks which have been dircted against their work and achievements by the Press. In countries where Consumers Co-operative Socities have gained considerable influence, the struggle is being persistently continued.

In Great Britain, the original home of the Co-operative Movement, the membership comprises 50 per cent of the population. In London, with its 8 million inhabitants, the Co-operative turnover increases every year by tens of millions of francs. The British Co-operative Movement is to-day the largest miller, tea-merchant manufacturer and businessman of the United Kingdom. During the last few years it has not been afraid to oppose the tobacco and wireless trusts and has obtained important advantages for the consumer. The Swedish Co-operative

Movement also, through its policy of opposing cartels and monopolist trusts, is now the owner of large industrial establishments—three large mills, a margarine factory, a rubber factory, and an electric bulb factory. Its practical action has led to a reduction in prices which has benefited the whole community. It is not, therefore, astonishing that half the inhabitants of Sweden are co-operators and that 20,000 new members were registered in 1933. In France, the Co-operative Movement is in full activity: there is an increase in turnover, in the number of its members, and in the output of its factories. The gesture of solidarity, made by the 1,200 Societies affiliated to the National Federation (F. N.C.C.) on the occasion of the closing of the Co-operative Bank, is an outstanding proof that the co-operative spirit is determined to overcome all difficulties and to continue its development.

What of the smaller nations? Considerable progress has been made by our friends in Holland, who, in a few years, have increased their turnover by one-third and have built some splendid factories. Their spirit of enterprise is such that new land having been reclaimed from the sea, the Dutch Co-operative Movement has just established a Co-operative Society on what was the bottom of the Zuyder Zee. In Switzerland there are 15,000 Societies, in other words, one Co-operative Society for every 270 inhabitants. Norway, which a few years ago passed through a severe crisis, shows good results not only from the point of view of membership and the average purchases per member, but also from the point of view of the output of its five or six factories. The same can be said of Finland. In Spain a Co-operative Law has been passed, a Naitonal Federation has been constituted and a National Press has come into existence. Several hundred Consumers' Societies, Societies for the Production of Wine, Oil, and Fruit, and several hundred Co-operative Fishing Societies are to be found in the Iberian Peninsula.

A glance at the Co-operative Movement in other countries leads us to similar conclusions. It is difficult to talk of facts and figures for countries such as Germany, where Co-operation is tied and bound by Nazism, Italy, where it is dominated by Fascism, or Austria, where it is subject to the control of the reactionary State. Nevertheless, it can be said that even in these countries, in spite of nationalism, oppression, and dictatorship, Co-operation still lives, and that the spirit of liberty, which is one of the laws of progress towards which the human race unceasingly moves, will enable it to recover its freedom of development. Finally, it is undeniable that in these countries, as in Russia, Co-operation, which is born of the will of the people, has become a popular force, with which the rulers, whether dictators or statesmen, will have to reckon.

The position of the Consumers' Co-operative Movement in Europe is not the only reason for placing absolute trust in the star of Rochdale. The

fate which fills us with hope is, above all, the tremendous extension of the Co-operative Movement throughout the world. It is truly a universal movement, inspired everywhere by the same spirit: service and the absence of the desire for profit making. From the borders of the polar ice-fields—in Iceland, Siberia, Lapland—or to the tropics—Brazil, Guiana, Ecuador, Dutch Indies, the Congo—the flag of Co-operation proudly waves. Asia contains thousands of Co-operative Societies of all kinds, the majority working amongst the agricultural population. This is the case in China, Japan, India, Korea, Siam, etc.

The Dark Continent also has a knowledge of Co-operation. The Movement is found in Algeria, Tunis, Morocco, Egypt, the Congo, in South Africa, the Gold Coast, the Cameroons, and Zanzibar. Both Americas see the Movement stretch from North to South, from Canada to Chile. Australia and New Zealand have National Co-operative Organisations. The Co-operative movement has in its ranks people of all colours, even the Redskins, who recently applied to Washington for the constitution of a Co-operative Society, in order to protect themselves from the brokers who wanted to sell them poisonous alcohol.

Agricultural Co-operation has penetrated into tens of thousands of peasants, in manifold forms: thousands of Credit Banks, Societies for the purchase and sale of farm produce, vegetables and fruit; hundreds of wheet pools in Canada, the United State of Australia, the Argentine and France; thousands of creameries in Europe and the United State of America ; Electricity Supply Societies combating the electricity trusts in the Argentine; Co-operative Societies for the transport of passengers and goods in Spain ; lumber and Fishing Societies in Canada, and thousands of Artisan and Societies for the growing of cotton and Coffee, and for cattle breeding.

In brief, there is no form of industrial or agricultural activity which has not given rise to some form of co-operative organisation. And it is not only in these spheres that Co-operation has been enabled to apply its principles and show its economic superiority, but also in banking, insurance, public hygiene, such as hospitals, orphanages, health and holiday centres, and enterprises of an educational character, such as schools, travel agencies, libraries.

Co-operation represents, then, a universal organisation. No movement in the world can boast of uniting so many persons of all kinds of religions, opinions and races, inspired by the same principle, namely, emancipation from all economic exploitation through co-operative social organisation. It is a new world which is arising in our capitalist environment. For 90 years thousands of obscure disciples have worked

silently and modesty for its triumph, preparing men to cast off their egoistic sentiments, and consider first the interests of others, aiming to harmonise personal satisfaction with the general interest.

This is the significance of the action of the International Co-operative Alliance in inviting co-operators on the first Saturday in July of every year to associate themselves with the progress of their organisations, and calling on all consumers to join the Co-operative Societies.

We have confidence in the future of Co-operation by reason of the increasing importance and universality of the work which commenced in the modest store in Toad Lane less than a century ago. For us, capitalism is on the decline and Co-operation in the ascendant. The Co-operative Movement will grow, extend and cover the whole world the more rapidly and surely as the younger generation and the women understand that by their efforts day by day in the home they can build up a Society from which unemployment, crises, depression, conflicts and war will be for ever shut out. The Co-operative Movement has become a power in the world through the sacrifices of its first apostles, and the arduous and often forgotten work of its leaders.

A NEW BOOK OF ITS KIND.

Simple Interest, Compound Interest, and Annuity Table with Notes

By BRAJANANDAN SAHAI, B.Sc.,

OF

The Traders' Co-operative Bank, Ltd., Patna

WITH A FOREWORD

By V.M. THAKORE, Esq., B. Com., A.M.I.B.

Secretary, **B. & O. Provincial Co-operative Bank, Ltd.**

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Reviews.

(i). THE MAYANUR SCHOOL.

Mr. K. G. Sivaswamy Iyer of the Servants of India Society is to be congratulated on the success that he has been able to achieve in the matter of running a Community Training School at Mayanur in Trichinopoly District. This school is different from ordinary schools in as much as it has the definite aim of training village youths for village service. The course of instruction is so devised as to make the student a better farmer and capable of taking an intelligent interest in the activities of the various departments that are working for village uplift such as Co-operation, Sanitation, Panchayat etc. We are glad to note that Co-operative Societies in the Tamil Nadu have been able to contribute towards this Institute Rs. 10,000. The organisers appealed for Rs. 25,000 and we hope, the Tamil Nadu Co-operative Societies will continue to pay liberally towards this extremely useful institution, which being an experimental one deserves all encouragement. We are glad to note that the management has been able to secure the services of Mr. Sankaranarayana Iyer who has established his reputation as a social worker in building the model Harijan village called Gokulam at the eastern end of the Lloyd's Road, Madras. He is to be assisted by Bhagirathi Ammal who would be the matron of the house because the school is a residential school admitting both boys and girls. We wish the institution all success.

S. K. Y.

(ii). THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD., BOMBAY.

The report of the Directors of the Bombay Provincial Co-operative Bank on the working of the Bank for the year ending 31st March 1934 shows that the Bank has been able to weather the storm and start once more on a period of prosperity. It is true there was a small decrease in the working capital of Rs. 16,0,000 but this fact only shows the bank's investment outside the movement decreased. We are glad to note that the bank was able to finance the movement as much as it could consistent with safety. The Board has resolved to give a rebate to those societies that have recovered the whole of their interest and a part of their principal and have set apart Rs. 10,000 for this purpose. They have also made ample provision for reserve for doubtful debts. It is the co-operative societies in the Deccan cannal area that give them most anxiety and to improve the financial position of the members of such societies, the bank

has started the experiment of inducing the agriculturist to manufacture sugar instead of gul. The land mortgage section of the Bank has worked at a loss and the Directors of the Bank are therefore requesting the government to establish a separate Land Mortgage Bank. We are glad to note that Bombay has come into a line with other Provinces so far their official co-operative year is concerned which hereafter would be ending with 30th June and not as hitherto on 31st March. The Bank with its 28 branches has done useful work and we congratulate the authorities of the Bank and wish them many more years of prosperity.

S. K. Y.

(iii). REPORT OF THE SCOTTISH AGRICULTURAL ORGANISATION SOCIETY, LTD., FOR THE YEAR 1933.

This is an institution whose main object is to act as teachers of the principles and methods of co-operation as applicable to farming horticulture, market gardening and the allied industries. It is a non-political and a non-trading body, its main function being propaganda. It has got individual members as well as societies affiliated to it. It has done useful work during the year under report (1933) in popularising the Scottish milk marketing scheme and other measures intended to improve the condition of agriculturists. It also aims at organising farmers as producers and enable them to get their requisities in the cheapest manner possible. Sir Godfrey Collins, Secretary of State for Scotland attended their annual General Body meeting and spoke in appreciative terms about the work of the society. The society gets a grant from Government.

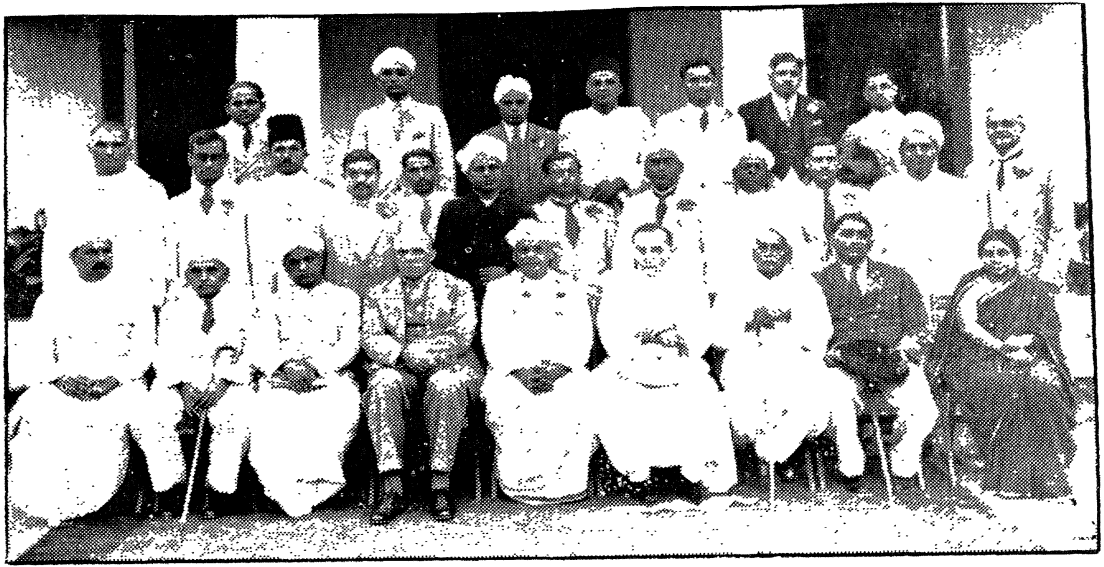
S. K. Y.

(iv). THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

The International Co-operative Alliance is to be congratulated on its publication of a useful collection of fine messages from leading co-operators all over the world on the occasion of the celebration of the International Co-operators day, that is the first Saturday in July. In India we are celebrating the day on the 1st Saturday in November and Indian co-operators would find in the pamphlet issued by the International Co-operative Alliance useful matter for doing effective propaganda in our country.

S. K. Y.

Photo taken at the Party given to Mr. V. Ramadas Pantulu on the eve of his departure to London to attend the International Co-operative Congress by a Committee of Hosts at the "Wellingdon," Egmore.



(v). REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN BENGAL FOR THE YEAR ENDING 30TH JUNE 1933.

The report of the Registrar of Co-operative Societies for Bengal for the year ending 31st June 1933 is as in the case of other provinces a record of patient and useful work done under very trying circumstances. As the Registrar himself admits the activities of the department were mostly confined during the year under review to consolidating the position of the agricultural credit movement by collecting overdues from village primary societies and reconstituting or liquidating the bad societies. The number of societies of all classes fell from 23,777 to 23,667 ; there was, however, a slight increase in the total number of membership from 71,7022 to 81,9728. The working capital also rose from Rs. 16 1/3 crores to 17.16 crores.

We are glad to note that the work of consolidation was gone into effectively and vigorous steps were taken in the matter of collection of dues from those who can pay and judicious extension was given to those who would pay if they were allowed time. The universal fall in the agricultural price has very adversely affected the province whose main crops are paddy and jute. We are glad to note that steps are being taken for the starting of Land Mortgage Banks ; otherwise the plan of giving extension would convert short-term and intermediate loans into long-term loans and unless the Central Banks have plenty of long-term money, there will be difficulty in meeting their obligations. We are glad to be told that the Urban Banks and Societies for the benefit of employees in towns and industrial centres have been doing very good work. Even those organisations for the benefit of sweepers and low class people have been giving not merely good financial help to their members but also taught them " cleaner life and better habits." Societies intended for artisans fishermen, weavers etc., have been getting on well We are glad to note that among the many prominent organisations the Anti Malarial society and the Calcutta Milk-supply Union have been doing very well as also the Provincial Bank and the Bengal Co-operative Organisation Society. We are equally glad to note that the Co-operative Provident Insurance Society was occupied in effecting changes in the bye-laws with a view to enlarge the scope of its activities and it is hoped that this very useful institution will do good work in the year to come.

S.K.Y.

(vi). THE REPORT OF THE SERVANTS OF INDIA SOCIETY FOR THE YEAR 1933-34.

The report of the Servants of India Society for the year 1933-34 is as usual a record of splendid but quiet work by a band of devoted workers done in various parts of British India and the Indian states. These workers belong to different castes and creeds, the common bond between them is political and social service for India. Each member is allowed to choose his own field of work according to his aptitudes and opportunities. Some have specialised in Labour problems and others in Co-operation and some others in problems connected with Indian states. The Poona Seva Sedan, the Devadahar Malabar Reconstruction Trust and the Depressed Classes Mission in Mangalore are all run by members and prominent social workers among the members took a very active part in the Anti-untouchability campaign brought to the forefront of all national problems by the magnetic personality of Mahatma Gandhi. So far as our province is concerned Mr. V. Venkatasubbaiya the senior member of the Madras Branch has been specialising in co-operation and Mr. S. R. Venkataraman has been specialising in the activities of the Sanitaty Welfare League and National Health Association and in Scouting. Educational Experiments which the society is trying at Mayanur in Trichy District is of great importance. The Society has launched a scheme of criminal tribes settlement for which a separate report is appended. This Society has been doing good work in a satisfactory way and has been keeping up the high traditions set up by the founder : but like many other institutions it is severely handicapped for lack of funds and it is hoped that the good work done by the society will be appreciated by the public at large and liberal donation will be given to the Society to enable it to carry on its work uninterruptedly.

S. K. Y.

District News.

I—MADRAS.

(i) TEA PARTY TO MR. RAMADAS.

A Committee of Hosts consisting of the friends and admirers of Mr. V. Ramdas Pantulu got up a Tea Party in his honour on the eve of his departure to England as India's representative to the 14th International Co-operative Congress to be held in London in September 1934. This pleasant function came off on Sunday the 5th August 1934 and was attended by prominent Co-operators and others—officials and non-officials. Among those present were Hon'ble Justice Sir V. Ramesam, Mr. Austin, Dewan Bahadur M. Ramachandra Rao and Dewan Bahadur K. Deivasikamani Mudaliar and others. The party was held in the "Willingdon" gardens. A group photo was taken and the chief guest of the evening moved freely amongst those assembled. On the whole the function was a great success.

(ii) REGISTRAR'S VISIT TO THE T. U. C. S.

On Saturday the 4th August Mr. Austin the Registrar of Co-operative Societies paid a visit to the premier store in the Presidency the T.U.C.S. He was welcomed by Mr. P. N. Marthandam Pillai President of the Society and Professor S. K. Yegnanarayana Iyer, Managing Director. Some other Directors were also present on the occasion. He made inquiries about the working of the institution and to the representations of the management that the society must have power to affiliate co-operative stores outside the province of Madras and that they must have power to invest their surplus money as deposits in recognised banks outside the movement. He promised to give a favourable consideration on the matter being formally referred to him. He also promised to put this Consumers' society in touch with Producers organisations in the Muffasil so that middlemen's profit might be minimised. He also visited two branches of the stores to know the working of the actual retailing to members. We understand that he has been going round to all the important societies in the town with a view to get first hand knowledge about their working.

THE GOVERNMENT, TELEGRAPH EMPLOYEES' CO-OPERATIVE SOCIETY, LTD., MADRAS.

Free Public Library.

The number of readers and the number of volumes issued for home reading during the month of July 1934 were 1139 and 695 respectively, the corresponding figures for the previous month being 1315 and 822.

The Library is kept open on all working days for the Society from 10 A.M. to 5 P.M.

REPORT ON THE PROGRESS AND WORKING OF THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD.

The South India Co-operative Insurance Society has just entered the third year of its career and the progress made during its second year is quite encouraging and satisfactory as can be gathered from the under-mentioned figures.

		Proposals		Policies	
		No.	Amount Rs.	No.	Amount. Rs.
First year ...	1931-32 (4 months)	235	2,63,300	148	1,70,800
	1932-33 "	674	6,10,800	489	4,62,700
Second year...	1933-34 "	1072	8,96,950	816	6,66,850

The two new areas from which business was secured by the Society during the co-operative year 33-34 are Coorg and the B. N. Ry. area (Kharagpur). A Local Board of the Society was formed at Coorg with the following members thereon :—

Messrs. K. N. Subbaraya
M. M. Belliappa
Dr. T. M. Medappa

It is barely three months since the Local Board started the work of the Society and within the period we received business to the extent of about Rs. 60,000. It is needless to mention such good business is forth-coming from the Coorg area due to the personal interest evinced in the work by the Chairman and other members of the Local Board.

The Registrar of Co-operative Societies T. Austin Esq., I.C.S., accompanied by the Deputy Registrar Mr. S. Palaniappan and Sub-Deputy Registrar Mr. Nagaratnam Iyer inspected the Society on the 30th July and expressed his satisfaction on the progress made by the Society and appreciated the modern methods of business adopted by the Society in its working.

Regarding settlement of claims, the Society is taking all possible steps for the payment of the policy amounts immediately on the completion of the required particulars by the claimants.

A letter of appreciation received from the Chairman, Municipal Council, Berhampur, which is appended to this report will testify to that effect.

The business figures for the month of July, 1934 are as follows —

	Proposals No.	Proposals Amount	Policies No.	Policies Amount
Proposals received ...	99	Rs. 80,900	76	65,600

S. No. 144/34.

MUNICIPAL OFFICE, BERHAMPUR.
Dated the 6th April 1934.

From

M.R.Ry. G. BALARAMADAS PANTULU GARU, B.A.,
Chairman, Municipal Council,
BERHAMPUR, (Ganjam Dt.)

To

THE SECRETARY,
THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD.,
Post Box No. 182, Madras.

Sir,

Subject : Claim on Policy No. 400—regarding Late Sjt. Ramachendra Acharya, Headmaster, M. O. M. School.

Reference : Your letter D. No. 2190/33-34 dated 20th March 1934.

I acknowledge with thanks the receipt of cheque No. A 04258 dated 20-3-1934 for Rs. 1,000-/ drawn in my favour on the Ganjam District Co-operative Banking Union, Ltd., towards full settlement of the claims under reference.

In this connection, please permit me to mention that my office received all possible assistance from your Inspector whom you deputed to enquire into the claim and for arranging to the speedy despatch of the concerned papers duly completed. It is highly gratifying to note that the Society has despatched a cheque on the Local Co-operative Bank for the claim amount within a week of the receipt of the papers from my office.

The Society is to be highly commended for the prompt and expeditious manner in which the claim has been settled. I wish the Society all success.

A stamped receipt for Rs. 1,000-/ is herewith sent.

I have the honour to be,
Sir,
Your most obedient servant,
(Sd.) G. BALARAMADAS,
Chairman.

II—KOILPATTI.

THE LOYAL MILLS EMPLOYEES' CO-OPERATIVE CREDIT SOCIETY, LTD.,

The first anniversary of this society which is the first of its kind to be organised was celebrated on Saturday the 13th June last. After the business meeting when the managing Committee for the coming year was elected, the anniversary celebrations began with Mr. Bhupathy, the Deputy Registrar in the Chair. The Report of the Managing Committee for the year ending June 1934 showed satisfactory progress. The Society which was started with about 50 Members had increased its membership to 300; so also the share-capital and the loans sanctioned showed improvement, and it worked with a net profit of Rs. 200. Many members of the Management gave short talks on various aspects of the work of the society and the chairman in his concluding remark laid strees on the following points:—(1) the supreme need for thrift on the part of the employees; (2) the possibility of their owning their own houses if in course of time they save enough money; (3) the desirability of the society having its own co-operative stores for the supply of provision to members; (4) the possibility of their running refreshment stall which however has to be done with great care and (5) the need for loyalty on the part of members to the Management. Light refreshments were served and the function was altogether a success,

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III—CHINGLEPUT.

THE CO-OPERATIVE URBAN BANK, LTD.,

Party to the Registrar of Co-operative Societies, and unveiling the portrait of Dewan Bahadur K. Deivasikamani Mudaliar.

On the occasion of Mr. Austin's visit to Chingleput on the 28th July last, the Urban Bank organised a tea party in his honour. It was attended by all the prominent officials and non-officials of the place. The address presented to the Registrar pointed out how the district of Chingleput was the craddle of Co-operation in the province and how the Urban Bank which had a humble origin at first has grown to be a big organisation with more than 1600 members and correspondingly large transactions. Mr. Austin unveiled the portrait of Dewan Bahadur K. Deivasikamani Mudaliar and Mr. M. S. Kotteswaran, B. A., L. T., spoke about the life of Mr. Mudaliar and exhorted all youngmen to take him as an ideal. With the usual vote of thanks this pleasant function came to a close.

IV—THE ERODE

CO-OPERATIVE LOAN AND SALE SOCIETY, LTD.,

ADDRESS PRESENTED TO THE HON'BLE MR. P. T. RAJAN.

In June last this society presented an address to the Hon'ble Mr. P. T. Rajan and the following important points were stressed in the address:—1. Various causes stood in the way of this class of society becoming popular such as the lack of proper understanding of its scope on the part of non-officials, lack of the requisite lead from the department and the rather frightening name which should be changed into marketing societies. 2. Loan and Sale society should form an integral part of the co-operative reconstruction and the economic life of the villager, the Land Mortgage Bank and the ordinary village society being two other institutions which cater to his needs. 3. Marketing movement should be taken up and pushed through as an All India activity. 4. The goal should be definitely realised and there must be a definite plan which within a stipulated period would enable us to reach the goal. 5. The Government should be pleased to grant at least 1 lakh of rupees every year for the construction of godowns "which would be considered safe from the point of view of the financing institutions and cheap and easy of access from the point of view of the producer" and until sufficient number of godowns are constructed subsidies should be given to loan and sale societies to cover up losses if any in engaging hired godowns. 6. There must be an organisation to place the latest marketing intelligence within the reach of the producer which can be done by the establishment of marketing bureaus. The Minister in reply to the address said that the Government grant for the construction of godowns was not availed of and the money allotted three years ago lapsed. He assured that there would be nothing wanting on the part of the local government in their efforts to better the lot of the agriculturists and referred to the appointment of a marketing officer recently made by the Provincial Government as a proof of their earnestness.

List showing the further contributions made for the relief of the Earthquake disaster in Bihar.

District.	Contributions by Co-operative Government servants.		Contributions by Co-operative societies.		Total.	
	Rs.	A.	Rs.	A.	Rs.	A.
Trichinopoly ...	...		469	10	469	10
North Arcot ...	...		346	0	346	0
Tinnevelly ...	8	0	149	4	157	4
Anantapur ...	8	8	135	0	143	8
Kistna ...	...		74	0	74	0
Kurnool ...	...		60	0	60	0
Madura ...	20	0	38	0	58	0
Ramnad & Sattur Dt.	12	8	45	0	57	8
South-Kanara ...	17	0	15	0	32	0
Salem ...	21	0	...		21	0
Chittoor ...	...		0	8	0	8
Total ...	87	0	1,332	6	1,419	6

Registrar's Circulars.

No. F. 3489/34.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 15th July 1934.

T. AUSTIN ESQUIRE, I. C. S.,

Registrar of Co-operative Societies.

CIRCULAR.

Sub:—Co-operative Societies—rectification and consolidation—Liquidation and expansion of societies—instructions issued.

Government have recently observed that the economic depression has rendered the duty of recovering dues from members of co-operative societies more difficult and more unpopular, and the result has been an alarming increase in overdues in societies. Though a large number of bad societies has been liquidated and the departmental staff and the non-officials have put forth their best efforts at rectification of bad societies, no appreciable progress has been made in the rectification of societies generally. Hasty cancellation of societies on an unduly large scale may bring the movement into discredit. There is need, therefore, to exercise great caution in weeding out bad societies. It is necessary that societies should not be recommended for liquidation at random. A hasty and haphazard recommendation for the liquidation of societies may possibly create a very bad impression that, when societies are liquidated, a good portion of the assets may be written off, and this may bring about amongst members of societies, a 'non-payment complex,' which requires to be checked. All Central Banks are requested to see that good societies are not allowed to deteriorate and to go into liquidation, that societies without outside liabilities are pulled up, that with a view to have a defined programme for liquidation, a list of societies (which are bad and which deserve to be liquidated) is drawn up on the lines suggested in the Registrar's Circular No. F. 4317/33 dated 30—9—1933 (communicated to all Central Banks.) Before societies are proposed for liquidation, it is necessary that the directors or the Executive Officers of the Central Banks concerned and the Deputy or the Sub-Deputy Registrars visit each union area and satisfy themselves that all possible endeavours have been made to revive or reconstruct societies. In short, liquidation should be resorted to with care and circumspection and after exhausting other less drastic methods of reformation. Central Banks and Federations are requested to follow these instructions carefully

2. In the present stage of the movement it seems necessary that the formation of new societies should be carefully restricted until the general condition of the movement improves and that the working of existing societies should be most carefully and constantly watched. For this purpose, intense supervision of societies is essential. The lines on which this work may be carried out has already been indicated in paragraph 12 of the Annual Report of this department for the year 1932—33. Recently the Registrar has outlined for adoption by Central Banks a scheme for an examination of all outstanding loans in primary societies. A copy of this scheme was communicated to Central Banks and was published at pages 552—554 of the Madras Journal of Co-operation for March 1934. Some of the Central Banks have already taken action on the lines suggested therein. Other Central Banks and Federations are also requested to concert measures for rectifying and improving the working of existing societies and placing them again in sound running order.

(By Order)

A. CUNNIAH,

Manger.

No. F. 5399/34.

OFFICE OF THE

REGISTRAR OF CO-OPERATIVE SOCIETIES,

Madras, Dated 17th July 1934.

T. AUSTIN Esq., I.C.S.,

Registrar.

Subject :—Arbitration—Levy of fees for certain disputes filed under Section 51 of the Madras Co-operative Societies Act VI of 1932.

Reference :—Registrar's proceedings No. F. 5399/33 dated 23—6—1934.

ERRATUM.

In line 1 of the Registrar's proceedings F. 5399/33 dated 23 6-1934. For Rule XV (4); Read Rule XV (5).

(By Order)

A. CUNNIAH,

Manager.

Proceedings of the Deputy Registrar of Co-operative Societies, Pudukkottai.

A. Nos. 620/43, 622/43 and 617/43.

Present:—M.R.Ry. V. Sitaramayyah, B.A., Deputy Registrar of Co-operative Societies.

The Executive Officer, Valiampatti Co-operative Society ... ... *Plaintiff.*

P. Lalkhan Jamedar and Bajithkhan Jamedar .. *Defendants.*

ORDER.

The plaintiff in these three cases is the Valiampatti Co-operative Society represented by the Executive Officer, K. Kalyanasundaram Ayyar. Two of the defendants in these cases, Bajithkhan Jamedar and Kathakutti Kongathirayan, represent that, though they stood sureties to the loans, their liability cannot subsist beyond three years from the date of the bond, and that therefore awards should not be passed against them. In other words, they urge that the claims against them should be dismissed as being barred by the Law of Limitation. It has, therefore, become necessary to decide whether the Law of Limitation will apply to proceedings before the Registrar and Arbitrators appointed under the Co-operative Societies Regulation. As per preamble to the Indian Limitation Act, IX of 1908, the Act would apply to suits, appeals and certain applications to *courts*. The expression 'court' has not been defined in the General Clauses Act and where it has been defined for example in the Indian Evidence Act, 1872, it is expressly laid down that it excludes Arbitrators. The Registrar or the Arbitrator has nowhere been described as a *court*, either in the Co-operative Societies Regulation or in the rules issued thereunder, even though they have been given the powers of a court to compel the attendance of witnesses, the production of documents, the examination of witnesses on oath, etc. Under the Co-operative Societies Regulation, Arbitrators are expected to dispose of the references transferred to them according to justice, equity and good conscience and these references cannot in any sense of the term be construed as suits, appeals or applications referred to in the Indian Limitation Act. Reading the language of Section 51 of the Co-operative Societies Regulation, it will be seen that power is given to the Registrar and the Arbitrators to decide

all kinds of dispute arising among members etc., and that it is only by way of explanation that a claim for a debt is described to be a dispute touching the business of the society within the meaning of the section. This would clearly show that the Registrar or the Arbitrator is not intended to take the place of a Civil Court for the disposal of suits. Again, these Co-operative Societies are partnership concerns managed by persons elected by themselves for their mutual benefit. And so, claims due from the members to the institution as a whole, stand on quite a different footing from claims between persons with no common interests.

In these circumstances, I have no hesitation in holding that the Limitation Act will not apply to proceedings before the Registrar or Arbitrators. The objection of the contending defendants will, therefore, be overruled and awards passed against them also.

Pronounced this day the 7th of July 1934.

(Sd.) V. SITARAMAYYAH,
Deputy Registrar of Co-operative Societies.
7-7-34.

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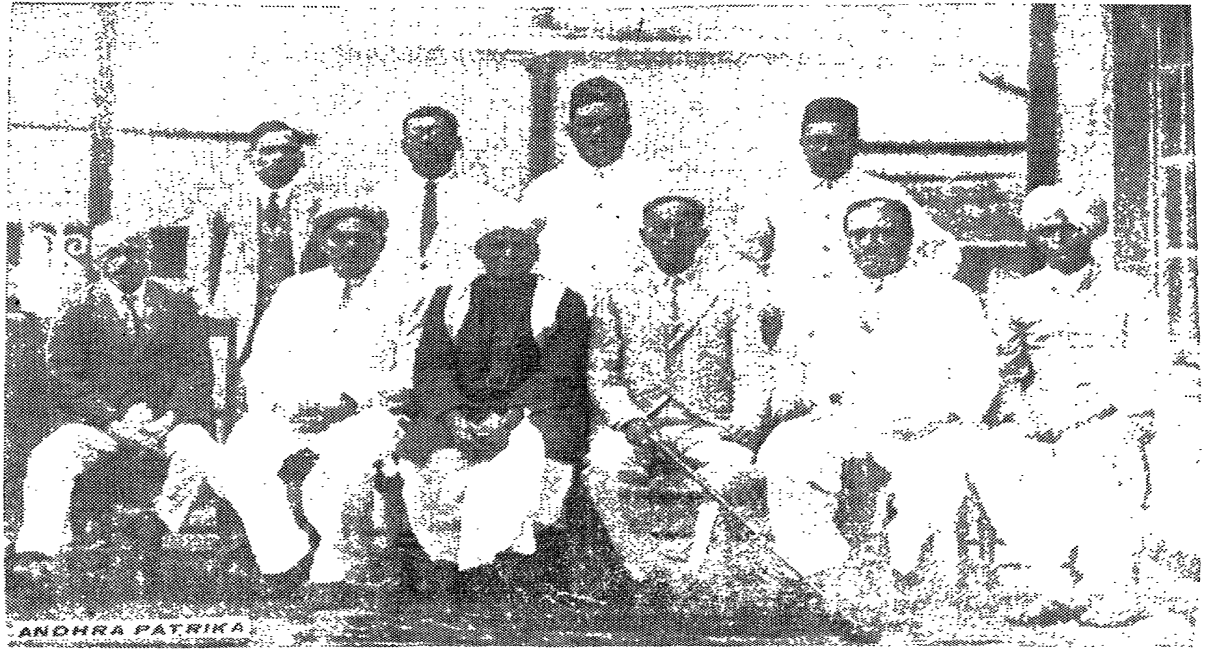
Group Photo taken at the Tea Party given to Mr. V. Ramadas Pantulu on the eve of his departure to London by Sir Chunilal V. Mehta, Kt., K.C.S.I., President, Provincial Co-operative Institute, Bombay.